

# Keeping the Corporation Honest in Visakhapatnam, India

The politicians may have promised jobs, but the National Thermal Power Corporation (NTPC) is clear that it never did. The contractor may have accidentally dug up the village's farmland, but the company is not to blame, since its instructions were not followed. And no one can prove that the fumes emitted by the plant are causing respiratory problems or that the open sewage from the company's residential colony provides a breeding ground for malarial mosquitoes.

One thing, however, is certain for the villagers of Visakhapatnam (Vizag) District, India. Whoever is the culprit, they have been the victims. Their farmland, pastures and salt fields have been gobbled up by the power plant's 4,000-acre facility or dug up for construction materials. The steaming-hot water from the plant's cooling towers has affected the fishing grounds closest to the coast. The paths that once connected the villagers to essential services are behind compound walls, which is no trivial matter to a six-year-old who now has to march three miles to school. The regional government told the company it could displace people from their land so long as it paid Rs. 2.25 lakhs per acre (£2,842), but that offers no compensation for the lost livelihoods of the landless workers who once earned a living working on others' farms. The new roads, bus services, jobs and professional training facilities that residents say would have fairly balanced the losses simply have not materialised.

The plant has brought benefits elsewhere, though. The coal-fired power plant that the NTPC built in Vizag was desperately needed, not least of all by the booming IT industry and agricultural trade in Andhra Pradesh state. The plant's start-up ended the debilitating power cuts, literally fuelling the economic growth that was lifting millions out of poverty in South Asia's biggest success story.

"We are being sacrificed for the national interest," said one resident. "We are the victims of this cause. What do we get in return?"

If the state fails to enforce the responsibilities of corporations under its jurisdiction or is even complicit in the violation of rights, communities face a unique challenge in holding institutions accountable. Vizag's residents compiled a list of the community's grievances and the evidence to back them up, then called the various powerful actors to a public hearing, where they had to respond directly to the findings before more than a thousand people. It may not have been a court of law, but the court of public opinion can at times be the best recourse.

## Principles and promises

India's largest power producer, the NTPC is a symbol of national pride and, by its own account, a model corporate citizen. Its mission is to "be a socially responsible corporate entity with thrust on environment protection, ash utilization, community development, and energy conservation," according to its Web site. The company proudly claims that its 18 power stations have received ISO 14001 certification (the gold standard for minimising the environmental effects of a business) and publicises its membership of the UN's Global Compact, which sets ethical principles related to human rights, labour, the environment and anti-corruption. The company's policies reflect these ideals, and it still manages to earn handsomely. According to its annual report, the company earned nearly £1.3 billion in profit during the fiscal year ending March 2008.

In at least one case, however, the company's practice has strayed from its principles. The case concerns the Simhadri Thermal Power Project, which was commissioned by the Andhra Pradesh State Electricity Board to be built in Paravada, 40 kilometres from Vizag. With support from Japan's Overseas Economic Cooperation Fund the state signed a power purchase agreement with the NTPC in 1997, and construction started in 1998 after 3,140 acres of land was acquired from 13 villages spread over three mandals in the Vizag district.

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The project affected no fewer than 2,841 households with a total population at the time of 11,960. Predominantly fishermen, farmers and salt traders, the neighbouring residents were living in tiny clusters of semi-brick shanties with temporary roofs. In return for their land, villagers were promised new roads and bus service, training facilities, jobs and cash compensation. With the exception of the cash, none of these promises were kept.

Undereducated and often ill-informed of their rights, villagers were at a legal disadvantage. Several disputes relating to land ownership were trumped by legal manoeuvres, or overtly repressed. According to land acquisition officers in Hyderabad, some of the farmland around the NTPC site was classified as "wasteland," land that is not fertile or productive, in spite of clear evidence to the contrary. There were also allegations of threats being issued by police when one community refused to vacate because the residents had records indicating that they had rented the land from the government, contradicting government claims.

Once the plant started operating in May 2002, the situation was aggravated by rising health problems in the communities, which many residents attribute to the air and water pollution produced by the plant and its residential colonies. Yet so desperate is the economic situation that many people told researchers they would tolerate these adverse effects if they were to receive some work as compensation. Suffering the downside of this industrial development without reaping any of its benefits is what fuels their sense of injustice.

## Fitting together the pieces of the puzzle

In Vizag, Sadhana (a Paravada-based nongovernmental organisation) has been on the frontline of the campaign for the rights of those affected by the NTPC plant, with collaboration from researchers at the Institute of Development Studies and the Society for Participatory Research in Asia (PRIA). These organisations conducted surveys and gathered data, recording demands and evidence of rights violations and health impacts. The findings from these surveys were presented at a gram sabha (local assembly) as well as at panchayat raj meetings. The contents of the research and subsequent discussions were then fed into a People's Development Plan, which presented the community's view of how the grievances could be adequately addressed in mutually beneficial ways. Community members proposed supplying pickled foods to the company's canteen, while recognising the need to meet minimum quality standards. Likewise a women's self-help group proposed an agreement that would allow them to supply uniforms to workers at the plant.

With a solid negotiating position and evidence for their claims, the communities then invited officials from the company, plus the state and federal governments, to a public hearing hosted within the community, in the presence of ordinary citizens.

Public hearings are seldom held in advance of a major industrial development in India, despite a formal obligation to do so. When they are, they often poorly advertised at short notice and in English, which means they are not accessible to most people potentially affected by the development. Alternative citizen hearings provide a space for people to make their voices heard, and an

arena where multiple stakeholders can be encouraged to each take on unique responsibilities that provide a more comprehensive solution, like "matching pieces of a puzzle," as one researcher described it.

"What we were doing was multi-stakeholder participation, but that term didn't exist at the time, so we used a term that did exist: public hearing," said Harsh Jaitli, one of the researchers from PRIA.

Following the public hearing, several journalists were invited to a press conference given by the researchers and activists. Negative publicity has often made the company more responsive. For example, the day after one newspaper carried a story about an information-sharing meeting organised by PRIA on the health impacts of the plant, the Pollution Control Board conducted tests for water pollution in the area. There is, however, always a concern that too much media attention can encourage a company to retreat from public debate, and the danger that the media will identify opponents of industry as a nuisance.

## How can affected communities more effectively demand accountability from corporations?

- **Pursue a multi-pronged strategy:** A successful strategy is likely to include a mix of media work, direct dialogue with companies and government, public hearings and, if necessary, lawsuits. The use of citizen-based methodologies is especially important to mobilise broad community engagement, including citizen health monitoring, public hearings and People's Development Plans.
- **Mobilise often, mobilise early:** If bargaining takes place once the proposed project has the go-ahead or construction is under way, the chances of getting the company to respond to demands and grievances are significantly reduced.
- **Move beyond compensation:** There are limitations to viewing financial compensation as the ultimate goal of an accountability struggle or as an adequate substitute for political reform.
- **Remain accountable, even when fighting for accountability:** One danger is that NGOs become cast as the legitimate representatives of the community in dialogues with industry. NGOs such as Sadhana are keen to play a supporting role, but community members themselves may be reluctant to show leadership. Hence a strong commitment to this principle is important.
- **Recognise that legal-constitutional rights are not a guarantee:** Some of the poorest workers were displaced because they lacked land titles, but even having rights to the land was insufficient to protect others. If communities are not aware of their rights, or are powerless to claim them, "having" rights is not enough.

Ultimately, the case underscores how corporate accountability cannot be provided by acts of philanthropy alone. Such approaches assume a willingness on the part of the companies to engage in open, public dialogue about their responsibilities, admit wrongdoing when necessary and take remedial action when negligence has occurred. These lessons are especially relevant to countries, such as India, that are undergoing fast, state-led economic growth. Where legal-constitutional and state-based forms of accountability are weak, active citizens are essential.